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ABSTRACT

Using the Serrano v. Priest case and federal revenue sharing as precedents, it is proposed that the federal government furnish (on a regionally adjusted per child rate) 50 percent of the needed school revenues directly to the state through an earmarked "special revenue sharing" package. This would be granted only if the states would raise and disburse the other 50 percent based on a per child rate. These amounts would be adjusted only for special educational needs on an "area needs" basis offset by a reduced state tax. Since it would be disbursed equally throughout the state on a per child basis, such an educational tax could be based on a property tax as well as on other forms of tax. A condition of this arrangement would be the elimination of any provision for the collection of any sort of community-based tax that would enhance its educational opportunity position over other communities within the state. (Author/MLF)

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U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

ADJUSTING WITHIN STATE INEQUITIES IN FINANCING SCHOOLS

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Financing schools is a perennial problem, and for some districts, like Gary, Indiana, it is more critical than for others. Since the late nineteenth century, state constitutions have typically made education a state responsibility, a responsibility to be met by the legislative branch in such a way so as to achieve the establishment and maintenance of a system of free public schools. With the exception of Hawaii, significant disparities in funds and facilities from district to district can be found within each state, because such funds are based to a large extent on local school district property taxes. Until 1968, resource distribution inequities went practically unchallenged. However, during August, 1971, the Serrano vs. Priest case was decided by the California State Supreme Court in favor of the plaintiffs (children and parents from poorer districts), based on the rationale that educational quality is directly related to the amount of money spent for educational purposes. This case was more successfully articulated than the McInnes and Burruss cases, which resulted in United State Supreme Court rulings favoring the status quo. Some view these two rulings as temporary setbacks, "a predictable consequence of an effort to force the court to precipitous and decisive action upon a novel and complex issue for which neither it nor the parties were ready." (96 Cal. Rptr. at 613).

The Serrano court obviously recognized this action by the Supreme Court as "neutral" if not "positive" in reopening the door to case hearings involving substantially the same complex

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constitutional questions and issues. The decision by the Serrano court affirmed that: 1) differing district wealth is a suspect basis for school financing because it operates against the equal protection of all students, 2) the current local property tax basis for school financing is clearly of this type, and does not apportion educational opportunity equally among the children of the state, and 3) the state's interest in equal access for all of its children to educational opportunity and equality was reaffirmed.

Using this as a precedent, along with the relatively new precedent of federal revenue sharing--as well as the aversion to bussing from incorporated suburbs for achieving equal educational opportunity (to the detriment of the already strained budgets and the neighborhood school principle)-- a plausible remedy might be that the federal government furnish (on a regionally adjusted per child rate) fifty per cent of the needed school revenues directly to the state through an earmarked "special revenue sharing" package. This would only be granted if the states would raise and disburse at the state level the other fifty per cent, based on a per child rate. These amounts would be adjusted only for special educational needs (such as for the mentally retarded, and so forth) on an "area needs" basis (broad coverage statistic) rather than on the "individual needs" concept basis which was rejected in the McInnis and Burruss cases as objectively nonjusticiable. Such monies would require an additional tax, which would be offset by a reduced state tax of some type. Since it would be disbursed equally throughout the state on a per child basis, such an educational tax could be based on a property tax

as well as on other forms of tax. A condition of this arrangement would be the elimination of any provision for the collection of any sort of community based tax which would enhance its educational opportunity position over other communities within the state. This would be necessary to not only insure compliance with the logic of the Serrano ruling, but would also have the effect of guaranteeing passage of an adequate state educational tax. This is consistent with the notion that the state has the primary governmental prerogatives as pertain to education.